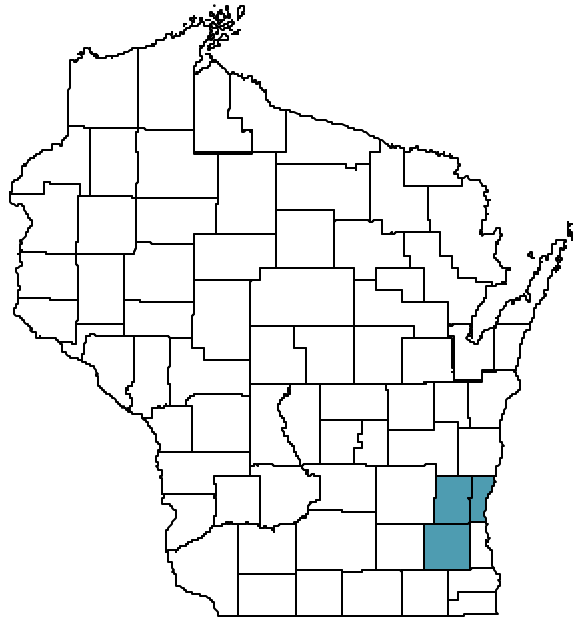


Workforce Development Area Profile

WOW Area

Washington, Ozaukee, and Waukesha Counties



The labor market is a constant ebb and flow of supply and demand. Too little demand for workers creates too much supply and unemployment increases. But too little supply of workers means job vacancies and lack of employment growth.

Every Workforce Development Area in the state should anticipate a tight labor supply condition by the end of the next decade. Planners in each area must understand the unique set of employment characteristics in their region to develop a strategy to meet a future where demand will exceed supply.

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State of Wisconsin
Department of Workforce Development

January 2003



- The Demand for Workers -

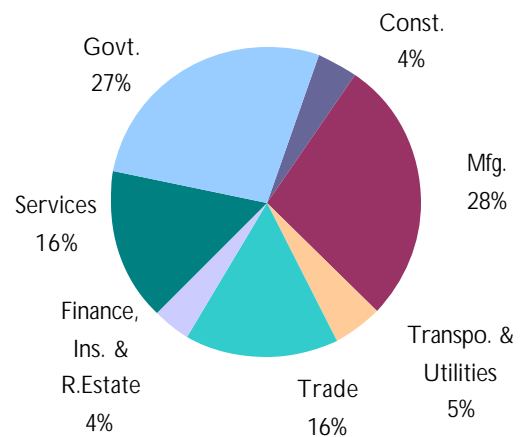
WOW WDA Employment

Economic growth in the Washington-Ozaukee-Washington County Workforce Development Area (WOW WDA) in 2001 reinforced the region's standing as one of the most dynamic regions in the state. Much of this economic activity can be attributed, in part to the three county's affiliation as part of the Milwaukee-Waukesha Metropolitan Statistical Area (MSA), which accounted for 28 percent of the state's population and 27 percent of employed workers, according to the 2000 census. The proximity to both a labor force and employment base of this magnitude has resulted in significant employment growth and industry gains over the past two decades.

As an example of this growth, an analysis of changes in employment in the WOW WDA between 1996 and 2001 shows that total employment increased by nearly 15 percent. Several industry sectors outpaced aggregate growth during this period, led by the construction and mining and finance, insurance, and real estate sectors, which both grew by over 25 percent. Growth in these sectors can be attributed to significant demand for resi-

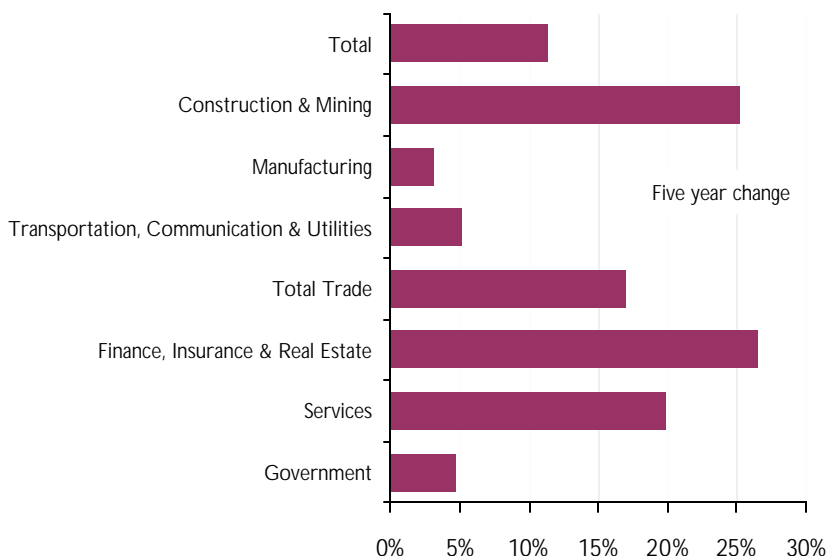
dential and commercial construction, particularly in the I-94, I-43, and U.S. Highway 41 growth corridors, as well as the relocation of a number of prominent financial services firms, either from within Milwaukee County or elsewhere to corporate campuses in Waukesha and Washington County. Additionally, the manufacturing sector, which lost employment in Milwaukee County over

WOW WDA Industry Distribution: 2001



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

**WOW Workforce Development Area
Employment Change by Industry Division: 1996 to 2001**



Source: WI DWD, Nonfarm wage and salary estimates, revised March 2002

this period posted a modest increase of nearly five percent. Much of this growth can be attributed to the establishment of a number of new small firms employing less than fifty workers.

The cumulative result of the disparate growth rates among the region's industry sectors has been a diversification of the region's economic composition, as denoted by a move away from a strong concentration in manufacturing employment. While manufacturing employment continues to account for a significant share of total employment in the region (28 percent,) two other sectors — government employment and service sector employment have experienced significant gains over the past decade and have fueled diversification in the regional economy.

SIC	SIC divisions	NAICS* sectors	NAICS*
Agriculture, Forestry, and Fishing	01-09	11	Agriculture, Forestry, Fishing & Hunting
Mining	10-14	21	Mining
Construction	5-17	22	Utilities
Manufacturing	20-39	23	Construction
Transportation, Communication, and Utilities	40-49	31-33	Manufacturing
Wholesale Trade	50-51	42	Wholesale trade
Retail Trade	52-59	44-45	Retail trade
Finance, Insurance, and Real Estate	60-67	48-49	Transportation & Warehousing
Services	70-89	51	Information
Public Administration	91-97	52	Finance & Insurance
		53	Real Estate, Rental & Leasing
		54	Professional, Scientific & Technical Services
		55	Management of Companies & Enterprises
		56	Admin, Support, Waste Mgmt. & Remediation Srv.
		61	Education services
		62	Health care & Social assistance
		71	Arts, Entertainment & Recreation
		72	Accommodation & Food Services
		81	Other services (except Public Administration)
		92	Public Administration

*North American Industry Classification System

The New Industry Perspective: What is NAICS and how is it different from the former system?

The North American Industry Classification System (NAICS) is a completely new industry classification system that will provide a better picture of where people work and will give insight to industries that have been dynamic and important in a changing economy. The transition from the old system, Standard Industrial Classification (SIC), to NAICS began in earnest in 1997 with the U.S. Department of Commerce's Economic Census, but will begin to be used on an exclusive basis beginning January 2003. The genesis of NAICS came from the need to uniformly categorize industry statistics from the United States, Mexico and Canada. Ideally, the new system will be able to capture industries that have evolved and have become more prominent within the economy, for example, the information sector and other technology-based industries. These industries have become so salient in our economy that they are deserving of more prominently reported data.

NAICS will initially focus on reporting only current industry employment and wage data in the two main reporting programs, the Current Employment Statistics program and the ES-202 program. There will be limited amounts of historical data for the short term. This will create a challenge in constructing a historical time series of industry data. However, the monthly Current Employment Statistics program, responsible for the monthly nonfarm wage and salary industry employment data for

counties, will convert previously published SIC data into NAICS, but it is unknown when these tables will be available.

NAICS uses the same employment and wage reporting methods, that is, analyzing payroll reports from employers, as those completed under the SIC system. But now employers may be classified into different, and in some cases more numerous industries than SIC had classified. NAICS is designed to focus on **how** products and services are created, unlike SIC, which was based on **what** was produced. An example of this major change occurs with wholesale and retail trade, where NAICS transitions the focus to what the establishment **does** rather than **to whom** it sells.

The table at the top of this page lists 20 NAICS industry sectors, while the pie graph on page 3 has consolidated these 20 NAICS sectors into nine broader sectors. The final version of the industry layout for publishing county level data has not been formalized at the time of writing this publication, but it is speculated to be similar to the NAICS table at the top of this page. Employment and wage data from employers covered by unemployment insurance, known as ES-202 data, will be available for all 72 counties, most likely, at the three-digit level of NAICS, a level not displayed anywhere in this profile. The statewide industry data will most likely be published

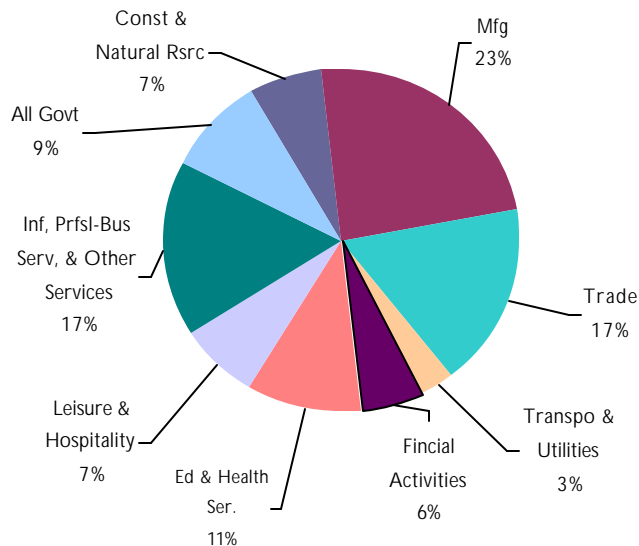
at the four-digit level. At this time, NAICS industry data from the ES-202 program can be obtained from the U.S. Department of Labor's Bureau of Labor Statistics for the year 2001, only. It is unknown when historical ES-202 data will be processed from the SIC system into the NAICS system.

Monthly industry data from the Current Employment Statistics (CES) program, which produces the nonfarm wage and salary estimates for small counties, will begin to release data in the NAICS starting with January 2003 estimates. Metropolitan county data will display several more sectors than the small county data. Small county data will show fewer and broader industry data, mostly for reasons that fall out of confidentiality standards and the decision that broader detail is better than no detail at all. Historical CES estimates in SIC coding will be transferred into NAICS going back to 1990 data, but at this time, only the metropolitan and state level data will be available in this context. It has not been decided if or when small county data will be crosswalked into NAICS, so historical analysis for the smaller geographies will not be possible for at least the immediate future.

A much improved element of the NAICS is that it will provide a much better breakout of growing industries such as those in hospitality, healthcare and other burgeoning, service-oriented industries. These industries were previously reported as a single, broad sector in SIC. It will also reallocate the WOW WDA's estimated 17,000 jobs from eating and drinking places of the SIC retail trade sector into the NAICS accommodation and food services sector. Another example of a difference between the two systems is that some of those employed in newspaper publishing in SIC will be moved from a manufacturing industry classification to the NAICS information sector. *Comparisons between SIC and NAICS are not recommended as each are distinct entities and are not intended for analytical comparison related to industry performance.* Very simply, SIC manufacturing is not the same as NAICS manufacturing.

Keeping in mind that SIC and NAICS industry coding systems are different entities altogether, it is assumed that despite being a leading and historically powerful employing industry in the WOW WDA, Milwaukee County and most of the state for that matter, that manufacturing data will continue to show declining employment, just as the SIC system has, especially over the last decade. The new coding system still shows Wisconsin as the second ranked state in manufacturing employment as a percentage of total employment (19.8%). This is a landmark fig-

W-O-W WDA NAICS Industry Distribution: 2002

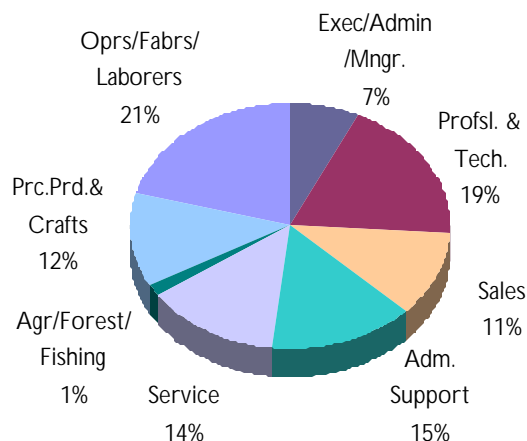


Source: DWD, Labor Market Information Section, ES-202, Jan. 2003

ure as the state has never registered under the 20 percent marker in as long as industry figures have been available.

In comparison to the rest of the state, the WOW WDA shows higher than state average percentage of industry employment in manufacturing; construction and natural resources, trade; and financial activities. The WDA is proportionately lower in employment in government; information, professional, scientific and technical services, business services and other services; education and health services; leisure and hospitality; and transportation and utilities. It is speculated that education and health services will be two industries poised for employment growth/demand in the next decade.

The shift from SIC coding into the NAICS system will continue to be a process of understanding and reviewing industry data from a different perspective. It cannot be stressed enough the importance of not wholly comparing SIC data to the NAICS. There are many resources available to help one understand the NAICS subtleties and to help one find industry data. The recommended resource is the U.S. Department of Labor's Bureau of Labor Statistics. The web link for NAICS information is <http://146.142.4.22/bls/naics.htm>. This site also contains a SIC/NAICS crosswalk so that one may find analogous industries across the two classifications. Your Department of Workforce Development regional labor market analyst/economist is also available for consultation.

WOW WDA Occupations in 2008

Source: WI DWD, Bureau of Workforce Information, 2001

Occupations and Demand for Workers

Understanding the labor demands of an area begins with a good understanding of the industries and the occupations employed by those industries. The U.S. Bureau of Labor Statistics coordinates an annual survey of businesses to collect information on occupations in each state. The graph on the left is a broad occupational distribution in the Milwaukee WDA based on projected staffing patterns in local industries. These occupational groups are listed independently of industry.

The table (below) lists occupations that will have the largest number of yearly openings from 1998 to 2008 due to job creation (growth) or due to those leaving the occupation because of retirement or other type of turnover (separations). The typically required education/training is displayed as well.

Occupations with the Largest Number of Annual Openings Due to Growth and Separations**WDA3-WOW: Washington, Ozaukee, Waukesha**

Occupational Title	1998-2008 Growth	Percent Change	Est. Average Annual Openings Growth	Separations(1)	Total(2)	Education and Training Typically Required(3)
Cashiers	900	14.2%	90	277	367	Short-term on-the-job-training
Retail Salespersons	910	11.2%	91	275	366	Short-term on-the-job-training
General Mgrs & Top Execs	1,480	16.2%	147	160	307	Work exp. plus bachelor's or higher dgr.
Office Clerks, General	1,090	15.6%	110	193	303	Short-term on-the-job-training
Waiters & Waitresses	450	10.1%	46	244	290	Short-term on-the-job-training
Food Prep/Service Workers, Fast Food	290	9.6%	29	167	196	Short-term on-the-job-training
Assemblers & Fabricators, NEC	690	11.6%	69	107	176	Short-term on-the-job-training
Sales Reps, Mfg and Wholesale	500	11.5%	50	106	156	Moderate-term on-the-job training
Food Preparation Workers	190	7.9%	19	132	151	Short-term on-the-job-training
Computer Support Specialists	1,420	107.6%	142	8	150	Bachelor's degree
Systems Analysts	1,390	113.9%	139	8	147	Bachelor's degree
Janitors & Cleaners	360	7.3%	36	107	143	Short-term on-the-job-training
Laborers, Landscaping/Groundskeep	680	29.3%	68	69	137	Short-term on-the-job-training
Helpers/Laborers/Movers, NEC	390	12.6%	40	96	136	Short-term on-the-job-training
Truck Drivers, Heavy	740	17.3%	73	61	134	Postsecondary vocational training
Admin Support Supervisors	550	19.4%	55	64	119	Work exp. in related occupation
Reception/Information Clks	600	20.0%	61	57	118	Short-term on-the-job-training
Hand Packers & Packagers	470	16.7%	47	70	117	Short-term on-the-job-training
Registered Nurses	660	21.0%	65	52	117	Associate degree
Teachers, Secondary School	420	19.2%	43	70	113	Bachelor's degree
Computer Programmers	600	34.9%	60	53	113	Bachelor's degree
Nursing Aides/Orderlies/Attendants	650	20.1%	65	45	110	Short-term on-the-job-training
Marketing/Sales Supervisors	610	16.9%	61	47	108	Work exp. in related occupation
First Line Superv: Production/Operatin	220	8.3%	22	74	96	Work exp. in related occupation
Truck Drivers, Light	550	20.3%	55	39	94	Short-term on-the-job-training

(1) Separations are an estimate of how many job openings there will be in each occupation due to people permanently leaving an occupation.

Openings that occur due to people changing employers but remaining in the same occupation are not included.

(2) Total openings are an estimate of how many new entrants are needed in the occupation.

(3) Typically required means this is the most common way people are expected to enter the occupation.

Other notes: Self-employed, unpaid family workers and work-study students are not included. Railroad workers are not included, except in WDAs 7 and 8.

Source: WI DWD, Bureau of Workforce Information, 2001

Two components of labor demand in the WOW WDA bear discussion — estimates of annual openings, and the relative educational attainment of the labor force-eligible population of the region. These two components are both directly and intimately related.

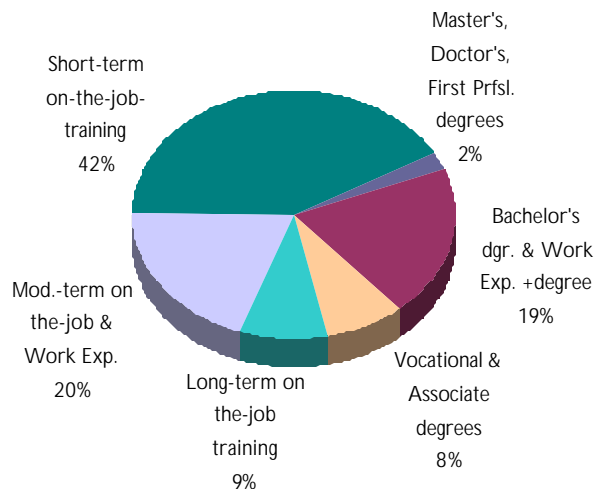
In estimating the number of annual openings for employment available within the region, and analysis of the degree of education and/or experience required for each position is an important consideration. As suggested by the chart at right, a significant majority of all projected openings in the region require a minimum amount of training. Many of these openings are concentrated in retail trade, unskilled manufacturing employment, and other service-oriented positions. As a function of the low level of training required, these positions are typically low-paying. In 1998, these occupations paid an average hourly wage of \$9.76.

The second highest category of available positions require a moderate level of job-related training. Many of these positions are employed in manufacturing and construction firms and pay an average of \$12.97 per hour, which suggests that employers in the region pay a premium for both training and experience. This is confirmed by the wage premium in openings requiring long-term training and experience in a related occupation. In 1998, these openings paid an average of over \$16.00 per hour.

With respect to openings requiring a postsecondary education, the greatest number of these openings require at least a baccalaureate degree. Among these positions, those requiring a bachelor's degree paid an average of \$20.27 hourly, those requiring a master's degree paid an average of \$22.40, and those requiring a professional or doctoral degree paid an average hourly wage of \$27.84. Additionally, among the eight percent of estimated openings requiring a vocational or associate's degree, a high concentration of opportunities exist within the healthcare industry. The average hourly wage for these openings was \$15.78, which is slightly less than those positions requiring significant work experience. This again suggests that employers in the region pay a significant premium for experience and education.

The discussion of available openings in the region naturally leads to a discussion of the educational attainment of the region's labor force-eligible population, which is defined by the region's non-institutionalized population aged 25 and over. Among this population, the greatest share of residents have attended some post-secondary

Annual Openings in WOW WDA

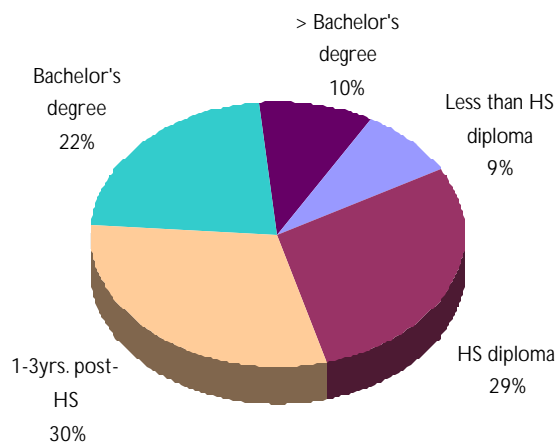


Source: WI DWD, Local Workforce Planning Section, 2001

education, with most of the members of this cohort earning at least a bachelor's degree (32 percent). The high percentage of residents reporting having completed between one and three years of education, owing in part to the presence of a number of reputable technical colleges in the region.

A second interesting conclusion can be drawn from analyzing this distribution with respect to the distribution of annual openings is that a significant share of residents who have earned a bachelor's degree may work outside the WDA due to the low demand for these workers.

Education Attainment in 2000 in WOW WDA



Source: US Dept. of Commerce, Census Bureau, *Census 2000*

- The Supply of Workers-

WOW WDA Population

The WOW WDA represents approximately 10.5 percent of the state's population (Census 2000). Throw Milwaukee County into the mix and this metropolitan area represents 28 percent of Wisconsin's population. This region of the state obviously dominates as the population center of the state.

The WOW counties continue to show stellar population growth. All three counties were leaders of Wisconsin population growth over the last decade as each grew close to or more than 20 percent. The next decennial tally in 2010 will most likely see the three counties among the fastest growing again, though they will likely grow more slowly. The state's population is projected to grow about six percent between 2000 and 2010, which is considerably slower than the 10 percent growth rate the state experienced according to the last census.

Population change of a local area is typically one of many fundamental components for measuring an area's current and potential economy, but it can be a rather neutral metric if qualitative measures are not taken into consideration. In this case, very simply, how or why did the population grow so rapidly? Two-thirds of the new population in both Washington and Waukesha Counties came by way of in-migration into the county. Ozaukee

County shows about 60 percent of its growth in this manner. The remainder of each counties' growth resulted from natural increase, which in short, is the number of births in the county exceeding the number of deaths.

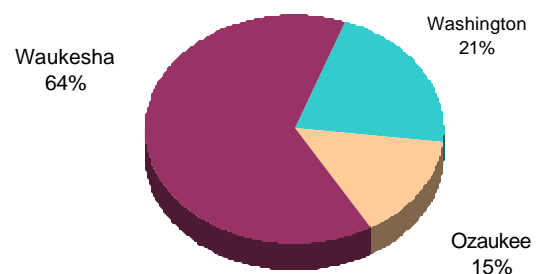
Much of the in-migration to the WOW WDA has come at the expense of the dwindling population of Milwaukee County. The City and County of Milwaukee continue to lose population to these counties, which have become bedroom communities for a large contingent of Milwaukee County workers, not to mention that a good amount of job growth has also taken place in these WOW counties also luring Milwaukee residents. The WOW WDA population growth would probably have been even more stilted proportionately to in-migration, but for the fact that many of the new residents have also begun to raise families in these communities bolstering the natural increase side of the ratio. These are good situations for the WOW counties in light of the fact that some central cities in Wisconsin and many in the Midwest are losing residents and are only gaining population via natural increase as many residents are making the exodus to suburban, if not rural settings.

Another qualitative measure of population change brings

Total Population

	2000 Census	January 2, 2002 Estimate	Percent change
United States	281,421,906	286,200,000	1.7%
Wisconsin	5,363,675	5,453,896	1.7%
WOW WDA	560,577	572,470	2.1%
Washington	117,493	120,429	2.5%
Ozaukee	82,317	83,964	2.0%
Waukesha	360,767	368,077	2.0%

2002 Population Distribution in WOW Wisconsin



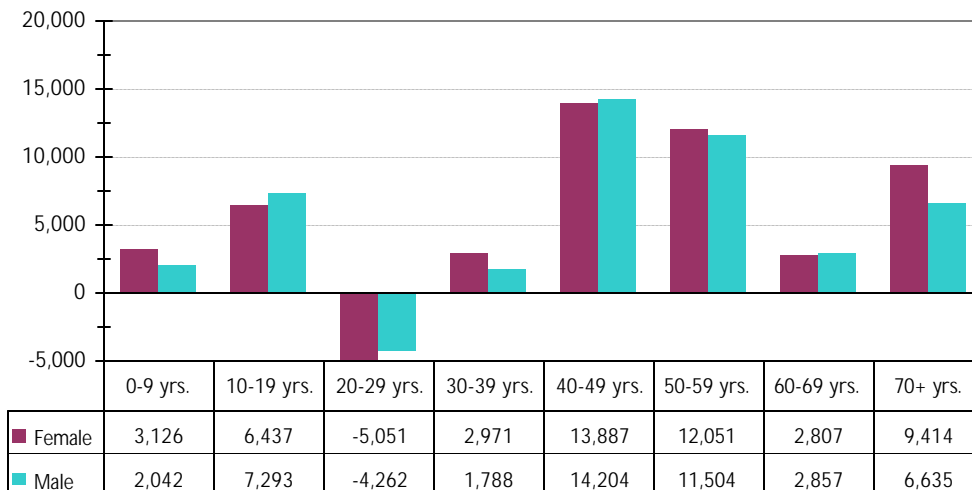
Source: WI Dept. of Admin., Demographic Services, 2002

about the much heralded topic of the aging population in Wisconsin, and for that matter, the rest of the Western Hemisphere, too. The WOW WDA will not escape this trend.

The graph on the bottom of the page presents the numerical change of static, 10-year age groups in 1990 and 2000. Gender is also accounted for in this display. One will notice that there is a decrease in those aged 20 to 29 in 2000 compared to those aged 20 to 29 in 1990 and will also notice a huge increase in those aged 40 to about 60 years of age. These dynamics are directly and indirectly related to the largest generation born in modern American history, the baby boomers born between 1946 and 1964. A good analogy of the baby boomer's relative size in America is to visualize squeezing a ball through a hose. It is hefty in the middle and thin on the ends. As this ball is squeezed through the hose, the heft carries from one end to the other. In this fashion, the baby boomers are carrying the largest age group from end of the age continuum to the other. Couple this inordinately large generation with the fact that their fertile, parental years have shown low birth rates and the likelihood of raising families later in life so one can see why there are so fewer "generation x", especially those ages 20 to 29, relative to their parents. And because we see fewer of those 20 to 29 and continued low birth rates, we see and will continue to see fewer children born for at least the short and medium-term.

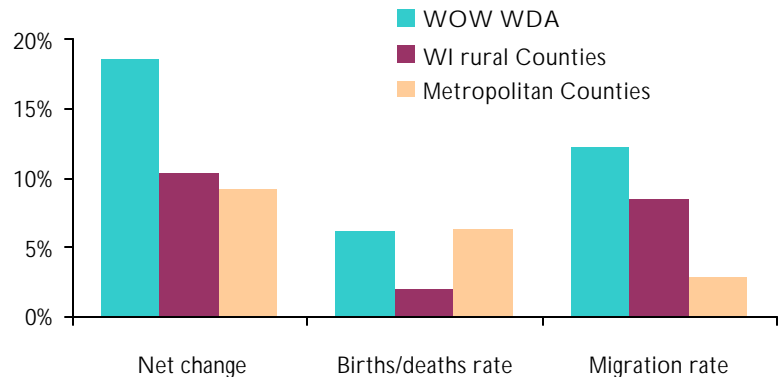
These age disparities may exacerbate a labor shortage that has already made itself somewhat apparent in the

**Population Change in 10-year Age Groups by Sex
1990 - 2000 in WOW Workforce Development Area**



Source: WI Dept. of Admin., Demographic Services, 2002

**Components of Population Change in WOW WDA
Compared with other rural & metropolitan counties**



	Total increase 1990-2000	Increase from Births - Deaths	Increase from Migration
WOW WDA	87,703	29,700	58,003
WI rural Counties	162,770	31,627	131,140
Metropolitan Counties	309,136	212,060	97,079

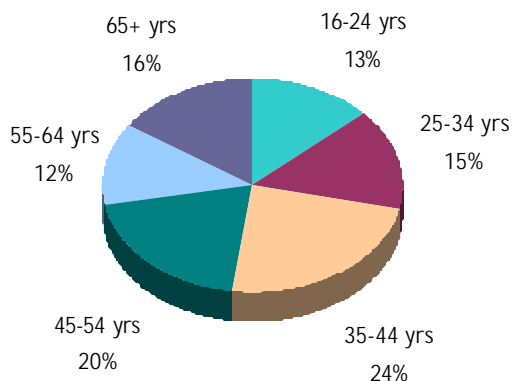
Source: WI Dept. of Administration, Demographic Services, 2001

late 1990's. The short and long-term labor scene in the WOW WDA will see a need for skilled and educated workers in occupations that will have been vacated by those who retire. The region will also need workers in occupations that will be newly created and will evolve as more important to the demands of an economy that has changed; changed because the demographics of the area will simply and strongly dictate how and where resources are allocated. The same dollar spent in 2003 will not necessarily be spent in the same manner in 2013. Consumers spend differently at particular stages of life based upon what consumers demand.

There is no better representation of this change in the distribution of resources than the health care industry. The health care industry will possibly be the largest employer within the next decade and in some parts of the state it already is. More of Wisconsin's and the nation's monies will be allocated into this industry as a collectively older population requires more health care than a younger group. Health expenditures currently represent about 14 percent

(Continued on page 8)

WOW County Labor Force Age Groups



Source: US Dept. of Commerce, Census Bureau, *Census 2000*

of the national economy. This is projected to increase to 17 percent of the economy by 2011, which represents a spending increase of about 21 percent in the next eight years. This is not to be confused with the rising costs of health care, this is the demand for health care and the amount of care, regardless of inflation, that will be needed. Shortages of employees are the rule in the health care industry, already, as the trumpeted nursing shortage abounds almost anywhere in North America. Many other health care occupations are feeling the pinch for employees as well.

Labor Force

The labor force is the sum of those employed and unemployed *that have actively sought work in the last month*. **Labor Force eligible must be 16 years or older and not a member of an institutional population** such as a prison or be an armed forces member living on a military base. The term "unemployed" does not necessarily include all people who are not working. For example, those who are retired or choose not to work are not considered unemployed. The phrase "Not Working" in the graph below assumes unemployed for the purposes of this profile.

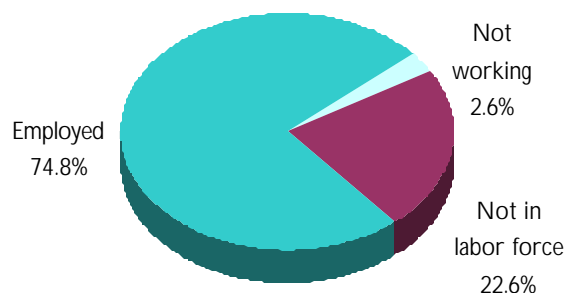
The 2001 labor force participation rate for the WOW WDA was a high 77.4%. This is in comparison to a statewide labor force participation rate of 73.5%, and a national rate of 66.9%. The disparity between the state and WDA rates represents a number of interesting facts about the state and the region's labor force. The traditional strength of the state's labor force is apparent as both the WDA and state labor force participation rates are well above the national rate. However, the distinct

disparity between the WOW WDA and state rate can be explained demographically. The WOW counties are suburban, and in many pockets, affluent in nature with almost 44% percent of its labor force aged population (pie graph, left) in their prime career years—ages 35 to 54 years of age. People in these age groups tend to be in their highest earning years as well as having the least likelihood of being unemployed. Many other counties, usually smaller, rural counties, may have lower participation rates due to other demographic and social issues. Such as more of the populace having seasonal work schedules with periods of no labor activity or are older, retired and have the financial means to opt out of the labor force. Lower labor force participation rates do not automatically translate as higher unemployment rates.

Nonetheless, the labor force participation rate is a good indicator of the economic and demographic state of affairs of the WOW WDA. It is widely held that labor participation in the United States has likely seen its peak in the late 1990's and will stagnate and then gradually decline over the next two to three decades as the aging population will not support such full labor capacity. One should assume that the WOW counties will behave in the same way as the nation, but in all likelihood, will still exceed the statewide and national participation levels.

The key to maintaining a high level of labor stability will be to maintain a stable, regional economy that will address the evolving presence of services-producing industries in contrast to the declining base of goods-producers. Issues that have not been expounded upon in this profile, such as brain drain and the loss of younger population due to out-migration, are also topics that need to be addressed and researched more fully.

WOW 2001 Labor Force Participation



Source: WI DWD, Local Workforce Planning Section, 2002